

INTERROGATORY NO. 43: Describe with particularity the property, assets, rights, privileges, and immunities, powers, licenses and franchises, membership and stock rights and interest and every other interest of Health Midwest subsidiaries that will be transferred to Health Midwest upon the merger as described in the Plan and Agreement of Merger, attached as Exhibit A.

ANSWER:

The property and interests of the subsidiaries that will vest by operation of law in Health Midwest as a result of the merger are described in Section 4 of the plan of merger that was provided to you December 2, 2002 and in the financial statements that were provided to you on November 14, 2002.

INTERROGATORY NO. 44: Identify the date, time and place of the meeting of the Board at which the process for receiving and reviewing formal bids referred to in Paragraph 15 of the Petition was approved, and identify the votes of each Director present (voting or abstaining) on the question of whether to approve such process.

ANSWER:

The bid process to receive and review formal bids was approved by the Board on August 6, 2002. The minutes of this meeting along with a record of the vote was provided to you on October 31, 2002.

INTERROGATORY NO. 45: Identify those for profit bidders expressing interest in purchasing the assets of Health Midwest during August 2002 as referred to in Paragraph 16 of the Petition, and identify all documents referring to, reflecting, or in any way relating to such expressions of interest.

ANSWER:

The for-profit bidders expressing an interest in purchasing the assets of Health Midwest were Vanguard Health Systems ("Vanguard"), Triad Hospitals, Inc. ("Triad"), Tenet, Ardent and HCA. The addresses and contact person for each of these bidders is on the letters attached as Exhibit 10.

INTERROGATORY NO. 46: Describe the process by which Ponder identified not-for-profit health care systems likely to have an interest in submitting a bid for the Corporation's assets, and identify all documents referring to, reflecting, or relating in any way to such process.

ANSWER:

In seeking potential purchasers of Health Midwest, Ponder sought to meet the goals established by Health Midwest, which included obtaining the highest price possible and comparing that to other options, while maintaining the religious and cultural identities of any facilities sold. During the identification process, Ponder used its business judgment to narrow the list of potential bidders based on their potential for actually achieving the sale and their ability to meet the goals sought by Health Midwest. Certain non-profit corporations approached Ponder and expressed interest in buying all or parts of the health system, but none of them submitted bids for the purchase of Health Midwest. The inclusion of non-profit bidders in the process is discussed in the powerpoint presentation made by Ponder to the Health Midwest Executive Committee on July 9, 2002 and attached hereto as Exhibit 11.

INTERROGATORY NO. 47: Describe the process by which Ponder identified those not-for-profit health care systems that would be able to submit a "competitive bid" as referred to in Paragraph 16 of the Petition, and identify all documents referring to, reflecting, or relating in any way to such process.

ANSWER:

Ponder used the process described in Interrogatory 46 to identify entities that could submit a competitive bid. The process did not differentiate between for-profit or non-profit entities.

INTERROGATORY NO. 48: Identify all not-for-profit health care systems contacted by Ponder as likely to have an interest in submitting a competitive bid for the Corporation's assets, and identify all documents referring to, reflecting, or relating in any way to Ponder's contact with such not-for-profit health care systems.

ANSWER:

Banner Health System ("Banner"), Sisters of Charity Leavenworth Health System ("Sisters of Charity Leavenworth"), and St. Luke's Shawnee Mission Health System ("St. Luke's") each expressed an interest in submitting a bid for Health Midwest. Banner and Sisters of Charity Leavenworth were provided with the Bidder's Due Diligence Boxes and included in the August bidding process. Documents reflecting Ponder's contacts with Banner and Sisters of Charity Leavenworth are attached as **Exhibit 12**.

INTERROGATORY NO. 49: Identify all conversations or communications with the not-for-profit health care systems identified above (or its or their agents or representatives) involving or by or on behalf of the Corporation or Ponder, including the date, time, locations and participants of such conversations or communications.

ANSWER:

Ponder reported to Health Midwest that it had numerous telephone conversations with these non-profits in the course of qualifying them to bid. Health Midwest is not aware of the date and time of every call nor whether Ponder kept a record of such information. Written correspondence between Ponder and Banner and Sisters of Charity Leavenworth are attached as **Exhibits 12**. Written correspondence between Ponder and St. Luke's will be provided subject to protective order as **Exhibit 13**.

INTERROGATORY NO. 50: To the extent not identified above, identify all documents relating to any communications with or discussions about St. Luke's Hospital of Kansas City and any proposal it submitted or might have submitted, including but not limited to any documents relating to St. Luke's financial strength, antitrust concerns or confidentiality agreements.

ANSWER:

Correspondence exchanged between St. Luke's and Ponder will be provided subject to protective order as Exhibit 13.

INTERROGATORY NO. 51: Specify whether Health Midwest CEO, Richard W. Brown, made statements to the effect that St. Luke's Hospital did not wish to acquire urban hospitals or that St. Luke's did not wish to acquire the entire Health Midwest system together with the basis for Mr. Brown's statements.

ANSWER:

Mr. Brown was quoted by the Kansas City Star on November 20, 2002 as stating that St. Luke's was interested in buying only parts of the Health Midwest system. The statements made by Mr. Brown refer to statements made by Rich Hastings, the CEO of St. Luke's hospital, as quoted by the Kansas City Star in an article on August 17, 2002.

INTERROGATORY NO. 52: Describe with specificity each operating covenant with respect to which bidders were required to state a position as referred to in paragraph 16 of the petition, and identify all documents referring to, reflecting, or relating such requirement.

ANSWER:

The Agreement provided to the bidders is attached as Exhibit 14. Article 5 reflects the post-closing covenants which are substantially the same as those contained in the executed Agreement delivered to you on November 22, 2002.

INTERROGATORY NO. 53: Identify the date, time and place of the meeting of the Board at which the list of operating covenants with respect to which bidders would be required to state a position as referred to in Paragraph 16 of the Petition was developed and approved, and identify the votes of each Director present (voting or abstaining) on the question of whether to approve such list.

ANSWER:

The post-closing covenants were discussed and approved by the Board on August 6, 2002 and the minutes of that meeting were provided to you on October 31, 2002.

INTERROGATORY NO. 54: Identify all documents reflecting, referring to, or relating in any way to the list of operating covenants with respect to which bidders would be required to state a position as referred to in Paragraph 16 of the Petition, including all notes or memoranda or other materials by, from, to, or provided to any Board member reflecting, referring, or in any way relating to such approval.

ANSWER:

The Agreement provided to the bidders attached as **Exhibit 14** was discussed by the Board at its August 6, 2002 meeting.

INTERROGATORY NO. 55: Describe each of the four bids received from potential buyers as referred to in Paragraph 17 of the Petition, and identify all documents referring to, reflecting, or relating in any way to such bids, including all notes or memoranda or other materials by, from, to, or provided to any Board member reflecting, referring, or in any way relating to such approval.

ANSWER:

Formal written bids were received by four bidders: HCA, Tenet, Ardent and Triad. These were provided to you on November 14, 2002. At the Board meeting on September 10, 2002, Ponder presented a summary of the bids to the Board. This presentation was provided to you on November 14, 2002.

INTERROGATORY NO. 56: Identify all correspondence with, and all other documents referring to, reflecting, or relating in any way to entities that submitted one of the bids referred to in Paragraph 17 of the Petition.

ANSWER:

The letters attached as **Exhibit 10** constitute correspondence with the bidders. In addition, Ponder sent letters to the bidders in August further clarifying and explaining the bid process. These are attached as **Exhibit 15**. In addition, the Ponder presentation to the Board described in Interrogatory 55 and provided to you on November 14, 2002, refer to the bids.

INTERROGATORY NO. 57: Identify all correspondence with, and all other documents referring to, reflecting, or relating in any way to entities which had expressed interest in acquiring the assets of the Corporation or which had been contacted by Ponder but which did not submit one of the bids referred to in Paragraph 17 of the Petition.

ANSWER:

Neither Vanguard, Banner nor Sisters of Charity Leavenworth made a bid to purchase the assets of Health Midwest. These parties were all provided with the Bidders' Due Diligence Boxes, the instruction letter is attached as **Exhibit 10**, and initially expressed an interest in making a formal, written bid by September 5, 2002. For various reasons, each declined to make a bid. After reviewing the information in the Bidders' Due Diligence Boxes, both Vanguard and Banner verbally communicated to Ponder that they had neither the time nor the resources to devote to the purchase or to compete with HCA or Tenet. Both organizations communicated that they wanted to focus on their core businesses in other parts of the country.

INTERROGATORY NO. 58: Describe the review conducted by the Board of Directors of the bids referred to in Paragraph 18 of the Petition, and identify all documents referring to, reflecting, or relating in any way to such review, including all notes or memoranda or other materials by, from, to, or provided to any Board member reflecting, referring, or in any way relating to such review.

ANSWER:

The Ponder presentation to the Board on September 10, 2002, (provided to you on November 14, 2002) and an executive summary of proposed changes to the Agreement proposed by the bidders, attached as **Exhibit 16**, are the information used by the Board to conduct their review of the bids.

INTERROGATORY NO. 59: Identify the votes of each Director present (voting or abstaining) on the question of whether to focus the Corporation's discussions with HCA and Tenet, and identify all documents referring to, reflecting, or relating in any way to such review, including all notes or memoranda or other materials by, from, to, or provided to any Board member reflecting, referring to, or in any way relating to that decision.

ANSWER:

The minutes of the September 10, 2002, Board meeting reflect the vote of the Board to continue negotiations with HCA and Tenet and these were provided to you on October 31, 2002. This decision was based on the Ponder presentation to the Board on September 10, 2002, (provided to you on November 14, 2002) and an executive summary of proposed changes to the Agreement proposed by the bidders, attached as **Exhibit 16**.

INTERROGATORY NO. 60: For each visit referred to in Paragraph 19 of the Petition, identify the member(s) of the Board of Directors making the visit, the corporation and facility being visited, the dates, times and locations of the visit, and the employees, physicians or board members of HCA and/or Tenet spoken with, and identify all documents referring to, reflecting, or relating in any way to each such visit, including all notes or memoranda or other materials by, from, to, or provided to any Board member reflecting, referring to, or in any way relating to that visit.

ANSWER:

Site visit reports showing the name of the director preparing the report, the site being visited, persons contacted, and other information and impressions of the director were provided to you on October 31, 2002.

INTERROGATORY NO. 61: Describe the evaluation of the corporate citizenship of HCA and Tenet conducted by the members of the Board of Directors, identify each member of the Board of Directors engaged in that evaluation, and identify all documents referring to,

reflecting, or relating in any way to evaluation, including all notes or memoranda or other materials by, from, to, or provided to any Board member reflecting, referring to, or in any way relating to that evaluation.

ANSWER:

A reverse due diligence notebook was provided to you on October 31, 2002. This details information relied upon by the directors in evaluating the corporate citizenship of HCA and Tenet. In addition, legal counsel to Health Midwest provided sets of due diligence questions and areas of inquiry that the directors, officers and legal counsel used during site visits, discussions and negotiations with HCA and Tenet, and when HCA and Tenet officials made presentations to board members. These questions are attached as Exhibit 17. In addition, Tenet and HCA both provided information about themselves which are attached as Exhibit 18. Finally, the Board required HCA to make certain representations that reflect upon its corporate citizenship in Sections 7.7 through 7.10 of the Agreement, a signed copy of which was provided to you on November 22, 2002.

INTERROGATORY NO. 62: Describe each determination made by the Board of Directors referred to in Paragraph 19 of the Petition regarding the reputation, commitment and experience of HCA and Tenet in communities where those entities purchased hospitals, and identify all documents referring to, reflecting, or relating in any way to such determination, including all notes or memoranda or other materials by, from, to, or provided to any Board member reflecting, referring to, or in any way relating to that determination.

ANSWER:

The Board determination regarding the reputation, commitment and experience of HCA and Tenet in communities where those entities purchased hospitals was made at the October 15, 2002 Board meeting and the minutes of that meeting were provided to you on October 31, 2002. The Board relied on the documentation described in Interrogatory 61.

INTERROGATORY NO. 63: Identify the date, time and place of the meeting of the Board at which each determination made by the Board of Directors referred to in Paragraph 19 of the Petition regarding the reputation, commitment and experience of HCA and Tenet in

communities where those entities purchased hospitals was made, and identify the votes of each Director present (voting or abstaining) with respect to each such determination.

ANSWER:

The Board meeting of October 15, 2002, at which the determination described in Interrogatory 62 was discussed were provided to you on October 31, 2002 and those minutes reflect the vote of the Board.

INTERROGATORY NO. 64: Describe each determination made by the Board of Directors referred to in Paragraph 19 of the Petition regarding whether HCA and/or Tenet had honored the commitments they had made to the communities in which they had purchased hospitals, and identify all documents referring to, reflecting, or relating in any way to such determination, including all notes or memoranda or other materials by, from, to, or provided to any Board member reflecting, referring, or in any way relating to that determination.

ANSWER:

Determinations with respect to whether HCA and Tenet had honored commitments were made by the Board on October 15, 2002, and the minutes of that meeting were provided to you on October 31, 2002. The Board relied upon the documentation described in Interrogatory 61.

INTERROGATORY NO. 65: Identify the date, time and place of the meeting of the Board at which each determination made by the Board of Directors referred to in Paragraph 19 of the Petition regarding whether HCA and/or Tenet had honored the commitments they had made to the communities in which they had purchased hospitals, and identify the votes of each Director present (voting or abstaining) with respect to each such determination.

ANSWER:

The Board minutes of the October 15, 2002, Board meeting where the determination described in Interrogatory 64 was discussed were provided to you on October 31, 2002 and those minutes reflect the vote of the Board.

INTERROGATORY NO. 66: Identify all entities bidding, attempting to bid, or expressing an interest in bidding on the assets of the Corporation other than the four entities whose bids are referred to in Paragraph 17 of the Petition, and with respect to each such entity;

a) state the date, time and place of all conversations between the Corporation or its agents or representatives and any agent or representative of such other entity; and

b) identify all documents referring to, reflecting, or relating in any way to communications with such entities.

ANSWER:

Interrogatories 42, 46, 48, 49, and 57 describe the bidding process, documents and correspondence with respect to Banner, Vanguard and Sisters of Charity of Leavenworth, all of which expressed an interest in bidding, were allowed to bid, were provided the Bidders' Due Diligence Boxes, instruction letter (attached as **Exhibit 10**) and the draft Agreement (attached as **Exhibit 14**), but all of whom declined to make a formal, written bid. Interrogatories 50 and 51 describe information with respect to St. Luke's which was not invited to make a bid because (1) they would not sign a confidentiality agreement which would prevent them from using the information in the Bidders' Due Diligence Boxes to the competitive disadvantage of Health Midwest (if a sale did not occur) or the successful bidder (if St. Luke's was not the successful bidder), (2) the combination of the two systems presented antitrust concerns, and (3) St. Luke's inability to demonstrate its financial capability of consummating the purchase of the Health Midwest assets.

INTERROGATORY NO. 67: Identify all documents referring to, reflecting, or relating in any way to the final bids of HCA and Tenet referred to in Paragraph 20 of the Petition, including all notes or memoranda or other materials by, from, to, or provided to any Board member reflecting, referring to, or in any way relating to such bids.

ANSWER:

The written bids submitted by HCA and Tenet were provided to you on November 14, 2002. In addition, **Exhibit 19** contains their proposed markups to the draft Agreement.

INTERROGATORY NO. 68: With respect to the determination by the Board of Directors to negotiate exclusively with HCA referred to in Paragraph 21 of the Petition, describe the process by which the Board made that determination, and identify all documents referring to, reflecting, or relating in any way to such review, including all notes or memoranda or other materials by, from, to, or provided to any Board member reflecting, referring to, or in any way relating to such determination.

ANSWER:

The Board decided to negotiate exclusively with HCA on October 15, 2002. The minutes of this board meeting were provided to you on October 31, 2002. At this meeting, the Board received and reviewed a presentation from Ponder which was provided to you on November 14, 2002. The Board also relied on an executive summary prepared by legal counsel of the changes to the Agreement proposed by HCA and Tenet and this is attached as a part of Exhibit 16. The Board also relied upon the information described in the written bids described in Interrogatory 67 and provided to you on November 14, 2002. The Board also relied upon the information described in Interrogatory 61 with respect to the respective corporation citizenship of both HCA and Tenet.

INTERROGATORY NO. 69: State the time, place and location of each meeting of the Board of Directors at which the determination to negotiate exclusively with HCA referred to in Paragraph 21 of the Petition was discussed or made, and identify the votes of each Director present (voting or abstaining) on the question of whether to negotiate exclusively with HCA.

ANSWER:

The determination to negotiate exclusively with HCA was made by the Board on October 15, 2002 and the minutes of that meeting, which reflect the vote of the directors, were provided to you on October 31, 2002.

INTERROGATORY NO. 70: Describe specifically each factor considered by the Board of Directors in determining that HCA had offered the highest purchase price, and identify all documents which refer to, reflect, or relate in any way to this determination, including all notes

or memoranda or other materials by, from, to, or provided to any Board member reflecting, referring to, or in any way relating to such determination.

ANSWER:

In making the determination to negotiate exclusively with HCA, the Board relied upon the information described in Interrogatory 61 (with respect to corporate citizenship), 67 (information contained in the written bids) and 68 (comparative information about the bids prepared by Ponder and legal counsel). The determinative factor between HCA and Tenet was price and HCA bid more than \$100 million more than Tenet (as reflected in the Ponder presentation given to the board on October 15, 2002 and delivered to you on November 14, 2002).

INTERROGATORY NO. 71: Describe specifically each factor other than its determination that HCA had offered the highest price considered by the Board of Directors in determining to negotiate exclusively with HCA, and identify all documents which refer to, reflect, or relate in any way to these factors, including all notes or memoranda or other materials by, from, to, or provided to any Board member reflecting, referring to, or in any way relating to such factors.

ANSWER:

Price was the determinative factor in choosing to negotiate exclusively with HCA. However, while both Tenet and HCA appeared to be excellent hospital companies, the Executive Committee and the Board were impressed that senior leadership of HCA were all former hospital operators and had extensive knowledge in hospital operations.

INTERROGATORY NO. 72: Identify all documents referring to, reflecting, or relating in any way to the negotiation of the Asset Purchase Agreement between the Corporation and HCA.

ANSWER:

Other than information protected by the attorney-client privilege and/or the work-product doctrine to which Health Midwest objects, Health Midwest states between October 15, 2002 and November 22, 2002 (the date the Agreement was finalized) drafts of the Asset Purchase Agreement were exchanged between HCA and Health Midwest. These drafts are attached as **Exhibit 19**. In addition, correspondence between HCA and Health Midwest are attached as **Exhibit 27**.

INTERROGATORY NO. 73: Identify the dates, time, locations, and participants in all meetings regarding the negotiations between the Corporation and HCA, including meetings with HCA or its agents or representatives as well as meetings between or among agents or representatives of the Corporation.

ANSWER:

Legal counsel for Health Midwest and HCA communicated almost daily between October 16, 2002 (when HCA was notified it was the exclusive bidder) and November 22, 2002 (when the Agreement was signed). It is impossible to recount the exact subject of conversations on each day other than to say the conversations dealt with terms of the Agreement. Similarly, during the same period, numerous HCA officials were on site with numerous Health Midwest officials conducting due diligence and similar discussions occurred between those persons.

INTERROGATORY NO. 74: Identify all documents comprising, referring to, reflecting, or relating in any way to the Asset Purchase Agreement referred to in Paragraph 22 of the Petition.

ANSWER:

The documents relating to the Asset Purchase Agreement are attached as **Exhibit 19** and **Exhibit 27**. To the extent this interrogatory calls for information protected by the attorney-client privilege and/or the attorney work-product doctrine, Health Midwest objects.

INTERROGATORY NO. 75: Identify all documents comprising, referring to, reflecting, or relating in any way to the guarantee by HCA referred to in Paragraph 22 of the Petition.

ANSWER:

The guarantee by HCA is contained in Section 14.18 of the signed Agreement delivered to you on November 22, 2002.

INTERROGATORY NO. 76: Describe with specificity each purchase price adjustment to which the Corporation has agreed in the Asset Purchase Agreement, and identify all documents referring to, reflecting, or relating in any way to such adjustments, including any estimates or forecasts regarding the impact such adjustments could have on the final purchase price.

ANSWER:

The purchase price will be decreased by the amount, if any, that "net working capital" (a term defined in the Agreement) of Health Midwest on the closing date is less than \$72,436,000. This adjustment is described in Sections 2.6(i), 2.7 and 2.9 of the Agreement. The purchase price adjustment in 2.6(ii) will increase the purchase price for any capital expenditure between the date of signing and closing if the capital expenditure is disclosed on schedule 2.6, is less than \$100,000 per expenditure and \$1,000,000 in the aggregate; or is approved by HCA. There is no current estimate on this adjustment. Section 2.6(iii) reduces the purchase price by the amount of the call price to purchase certain leased facilities (specifically, Overland Park Regional Medical Center, Independence Regional Health Center, Kansas City Surgicenter, Johnson County Surgicenter and Eye Care Surgicenter). The estimate of this reduction is \$154,000,000. Section 2.6(iv) reduces the purchase price by the amount of estimated malpractice and general liability claims. At closing, \$25,000,000 will be subtracted. Thereafter, the parties will agree on the actual liability or arbitrate any disagreement. Further, pursuant to section 2.4(xix), Health Midwest gets to retain its self insurance trust with approximately \$21,000,000 which should largely offset this reduction. Under 2.6(v), the purchase price will be reduced by the amount of underfunding in the Health Midwest retirement reserve plan. This reduction is estimated to be \$31,000,000. Under a separate section of the APA (8.19), Health Midwest may elect to keep the retirement reserve plan rather than transfer it to HCA. If HM exercises this election, then the 2.6(v) offset will not occur but HM will retain responsibility for the retirement reserve plan. In the event Health Midwest is not able to transfer certain assets to HCA (for regulatory or other reasons or pursuant to the Health Midwest option to retain certain Home Health assets under Section 8.15 of the Agreement), section 2.6(vi) will reduce the price downward based on the assets not delivered. The adjustment for Home Health Assets retained will be \$20.5 million. There is no current estimate of this adjustment for other assets. If there is a reduction in purchase price, it will only be because Health Midwest has retained an asset of equivalent value and so the net effect on Health Midwest will zero. Pursuant to Section 2.6(vii) and 2.8, the purchase price will be reduced if any asset is condemned or destroyed prior to closing. There is no estimate for this adjustment because such condemnation or destruction, while not anticipated, cannot be predicted. Section 2.6(viii) reduces the purchase price by the value of long-term debt and capital lease obligations assumed by HCA. The estimate of this reduction is <\$3.0 million. Pursuant to Section 2.6(ix), the purchase price will be reduced by the amount of proceeds of any asset not covered by 2.6(vi) that is sold after 7/1/02. The estimate of this reduction is

\$1.162 million. Under section 2.6(x), the purchase price will be reduced by \$4,000,000 to reflect sick leave assumed by HCA. Under Section 2.6(xi), the purchase price will be reduced by \$27,000,000 to reflect the value of the Park Lane Medical Center and Trinity Lutheran Hospital campuses that HCA decided not to acquire. The purchase originally included HCA taking these assets and when HCA decided not to take them, the purchase price was reduced accordingly. Since Health Midwest gets to retain these assets to offset the purchase price reduction, the net effect to Health Midwest should be zero. The purchase price will be increased by the cash held by any of the for-profit entities as of closing. Since the parties anticipated Health Midwest retaining all cash but the for-profit entities are being acquired through a stock sale, the purchase price needs to be increased by the amount of cash held by these entities. The estimate of this increase is \$18 million. Under Section 2.6(xiii), the purchase price will be reduced by the amount of the liabilities assumed by HCA if it elects to assume the Wetzel Clinic retirement account liabilities. Since there is no way to predict whether HCA will elect to assume this liability, there is no estimate of the possible reduction. In any event, the net effect on Health Midwest should be zero. It will either retain the liability or transfer the liability to HCA but suffer a corresponding reduction in purchase price.

INTERROGATORY NO. 77: Estimate the impact on the final purchase price of each purchase price adjustment agreed to in the Asset Purchase Agreement.

ANSWER:

This interrogatory repeats Interrogatory 76, which also asks for an estimate of purchase price adjustments. Health Midwest respectfully refers to the answer to Interrogatory No. 76.

INTERROGATORY NO. 78: Identify each liability to be assumed by HCA, and identify all documents referring to, reflecting, or relating in any way to the negotiations over which liabilities HCA would assume under the Asset Purchase Agreement.

ANSWER:

HCA will assume every liability of Health Midwest (Section 2.3) except those stated in Section 2.4. Liabilities are described in the financial statements delivered to you on November 14, 2002 and the Forms 990 delivered to you on October 31, 2002.

INTERROGATORY NO. 79: Identify each liability not to be assumed by HCA, and estimate the amount of each to be retained by the Corporation.

ANSWER:

HCA will not assume the liabilities described in Section 2.4 of the Agreement, including Three Hundred Thirty Six Million (\$336,000,000.00) dollars of long term debt (including five percent defeasance costs). Two Million Four Hundred Thousand (\$2,400,000.00) dollars of cash surrender value of life insurance. Nineteen Million Nine Hundred Thousand (\$19,900,000.00) dollars of vested and accrued retirement and deferred compensation, and Four Million (\$4,000,000.00) dollars of obligations due minority interest in joint ventures.

INTERROGATORY NO. 80: Describe with specificity what constitutes a

“substantially similar health service” as that phrase is used in Paragraph 24(A) of the Petition, and identify all documents referred to, reflecting, or relating in any way to the negotiation of the term of the Asset Purchase referred to in Paragraph 24(A) of the Petition.

ANSWER:

The phrase “substantially similar health service” is a paraphrase of section 5.2 of the Agreement (delivered to you on November 22, 2002) which allows HCA to close a hospital outside of the urban core in connection with opening a replacement hospital or consolidating it with an existing hospital only if, among other requirements, “the services at the replacement or consolidated hospital are the same as, or substantially similar to, the services provided at [the closed] Hospital.” For example, if an acute care hospital would be closed by HCA but a replacement hospital opened that was a psychiatric hospital not offering acute care services, Health Midwest would not deem this to be a “substantially similar health service.” This term was negotiated verbally with HCA.

INTERROGATORY NO. 81: Describe with specificity what constitutes a substantial service, program, type or level of care as that phrase is used in Paragraph 24(B) of the Petition, and identify all documents referred to, reflecting, or relating in any way to the negotiation of the term of the Asset Purchase Agreement referred to in Paragraph 24(B) of the Petition.

ANSWER:

A “substantial service, program [or] type or level of care” is the phrase used in Section 5.3 of the Agreement (delivered to you on November 22, 2002). HCA is prohibited from terminating such services or programs or care. A service or program or care is substantial if it accounts for 20% or more of the net revenues of the facility where it is offered.

INTERROGATORY NO. 82: Describe with specificity what constitutes “charity, indigent and other uncompensated care” as that phrase is used in Paragraph 24(C) of the Petition, and identify all documents referred to, reflecting, or relating in any way to the negotiation of the term of the Asset Purchase Agreement referred to in Paragraph 24(C) of the Petition.

ANSWER:

The phrase “charity, indigent and other uncompensated care” is the phrase used in section 5.5 of the Agreement (delivered to you on November 22, 2002) which requires HCA, for a period of ten years after closing, to provide the same level of “charity, indigent and other uncompensated care” as provided by Health Midwest during the 12 months preceding closing. Charity and indigent care is a line item on Health Midwest and HCA financial statements and uncompensated care is defined as bad debt expense which is also a line item on the financial statements. Both entities calculate charity care and bad debt based upon gross charges. This clause was negotiated verbally with HCA.

INTERROGATORY NO. 83: State the amount of “charity, indigent and other uncompensated care” (calculated consistent with the description requested above) provided by the Corporation for each of the calendar years 1990 through 2002.

ANSWER:

Year	Provision for Uncollectible Accounts	Charges Forgone Based on Established Rates	Total Bad Debt and Charity	Entity
1990			15,232,329	Research Health Services
1991	21,399,719	5,690,000	27,089,719	Health Midwest
1992	19,808,329	7,685,000	27,493,329	Health Midwest
1993	19,856,379	8,117,000	27,973,379	Health Midwest
1994	21,586,548	13,409,000	34,995,548	Health Midwest

1995	23,811,251	14,485,000	38,296,251	Health Midwest
1996	22,624,903	18,043,000	40,667,903	Health Midwest
1997	24,691,135	17,993,000	42,684,135	Health Midwest
1998	23,565,986	16,040,000	39,605,986	Health Midwest
1999	34,775,000	17,266,000	52,041,000	Health Midwest
2000	40,214,000	12,114,000	52,328,000	Health Midwest
2001	43,312,000	21,040,000	64,352,000	Health Midwest
2002	33,519,000	16,686,000	50,205,000	Health Midwest

INTERROGATORY NO. 84: State the rate of inflation for medical services at the Corporation's facilities and nationally for each of the calendar years 1990 through 2001.

ANSWER:

Year	Hospital Rate Increase	CPI- December Medical Care	CPI-December All Items
1990	6% (Nsg); 13.8%(ancillary)	9.6%	6.1%
1991	13.0%	7.8%	2.6% (Jan. 1992)
1992	15.0%	6.6%	2.9%
1993	9.9%	5.1%	2.5% (Jan. 1994)
1994	9.9%	4.9%	2.8% (Jan. 1995)
1995	8.5%	3.9%	2.5%
1996	7.5%	3.0%	3.3%
1997	5.0%	2.8%	1.7%
1998	5.5%	3.4%	1.6%
1999	3.0%	3.7%	2.7%
2000	5.0%	4.2%	3.4%

2001	5.5%	4.7%	1.6%
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INTERROGATORY NO. 85: Identify each facility owned by HCA, and state for each facility whether such facility participates in the Medicaid or Medicare programs.

ANSWER:

Health Midwest is aware of facilities owned by HCA in the United States and Europe. A listing of HCA facilities is available on the HCA website at www.hcahealthcare.com.

INTERROGATORY NO. 86: Identify the terms and conditions under which the scholarships referred to in Paragraph 24(F) of the Petition will be awarded, and the process to be employed in awarding such scholarships.

ANSWER:

The scholarships to be offered by HCA are described in Section 5.13(a) of the Agreement which was delivered to you on November 22, 2002. The terms, conditions and process for awarding the scholarships will be pursuant to the HCA Cares program, a partnership between HCA and the U.S. Department of Labor.

INTERROGATORY NO. 87: Identify all current employees of the Corporation who will not be offered employment by HCA under the Asset Purchase Agreement.

ANSWER:

The President and CEO of Health Midwest is the only employee of Health Midwest out of approximately 12, 000 employees who will not be offered employment by HCA under the Agreement.

INTERROGATORY NO. 88: State with specificity each and every enforcement right the Corporation has or will retain with respect to HCA's compliance with the operating covenants referred to in Paragraph 24 of the Petition.

ANSWER:

Sections 5.14 and 5.15 of the Agreement, which was delivered to you on November 22, 2002, describe the enforcement rights of Health Midwest with respect to HCA's compliance with the post-closing operating covenants described in Article 5 of the Agreement. Under 5.14 of the Agreement, within 90 days of the end of each 12 month period following closing, HCA is required to provide a report to Health Midwest setting forth in reasonable detail its compliance with the post-closing operating covenants described in Article 5 of the Agreement. Under Section 5.15 of the Agreement, breach or nonperformance of any covenant gives Health Midwest the indemnification rights described in Article 13 of the Agreement as well as any other remedies at law or equity. In addition, any failure to make the required level of capital improvements described in Section 5.1 of the Agreement will require HCA to pay any shortfall to Health Midwest.

INTERROGATORY NO. 89: State with specificity all restrictions or requirements attending HCA's obligation under the Asset Purchase Agreement for capital improvements, including whether such improvements must be made to existing hospitals rather than new construction, whether such improvements must be made to any particular existing hospital, and the extent to which such improvements must be related to patient care or services.

ANSWER:

HCA's obligations with respect to capital improvements are described with specificity in Section 5.1 of the Agreement, which was delivered to you on November 22, 2002. HCA will spend or commit to spend at least \$300,000,000 in capital expenditures within two years after closing. In addition, HCA will spend or commit to spend \$50,000,000 in each of years three through five after closing. The construction of any new facilities by HCA will not materially detract from the required maintenance and necessary improvement of existing facilities. In other words, if HCA built a new \$450,000,000 facility the first year after closing, Health Midwest would not consider that HCA were in full compliance with Section 5.1 because there would still be required maintenance and necessary improvements to the existing facilities. There are no limitations or restrictions that the capital expenditures be spent at any particular facility or for any type of expenditure such as patient care or services.

INTERROGATORY NO. 90: Identify each and every basis for asserting the corporate powers referred to in Paragraph 26 of the Petition.